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ANNUAL REPORT TO SHAREHOLDERS

For the calendar year
1948



ANHEUSER-BUSCH, INCORPORATED
ST. LOUIS, MO.

4/5

DIRECTORS

EBERHARD ANHEUSER	HORACE C. FLANIGAN	CURT H. REISINGER (Elected June 16, 1948)
*W. FRED ANHEUSER	A. VON GONTARD	WALTER REISINGER (Deceased June 4, 1948)
AUGUST A. BUSCH, JR.	H. NORRIS LOVE	ETHAN A. H. SHEPLEY
DAVID R. CALHOUN, JR.	EDWARD MAGNUS	ARTHUR E. WRIGHT
EMMET T. CARTER	GEO. A. H. MILLS	
L. BUSCH FAUST	PERCY J. ORTHWEIN	

OFFICERS

AUGUST A. BUSCH, JR.	President
EBERHARD ANHEUSER	Vice-President
*W. FRED ANHEUSER	Vice-President
A. VON GONTARD	Vice-President
JAMES J. CARROLL	Vice-President
R. W. UPSHAW	Vice-President
L. BUSCH FAUST	Vice-President
G. G. KINDERVATER	Vice-President
EDWIN KALBFLEISH	Comptroller
K. SIEBERT	Secretary
O. L. LIVESAY	Treasurer
F. H. SCHWAIGER	Brewmaster
CHARLES E. EHRHARDT	Assistant Comptroller
J. E. RITTER	Assistant Secretary

EXECUTIVE COMMITTEE

AUGUST A. BUSCH, JR.	EBERHARD ANHEUSER
A. VON GONTARD	EDWARD MAGNUS
DAVID R. CALHOUN, JR.	

TRANSFER AGENTS

ST. LOUIS UNION TRUST COMPANY 323 North Broadway St. Louis 2, Missouri
MANUFACTURERS TRUST COMPANY 55 Broad Street New York 15, New York

REGISTRARS

MISSISSIPPI VALLEY TRUST COMPANY 225 North Broadway St. Louis 2, Missouri
GUARANTY TRUST COMPANY OF NEW YORK 140 Broadway New York 15, New York

*Deceased December 13, 1948

St. Louis, Missouri
February 28, 1949

TO THE SHAREHOLDERS OF
ANHEUSER-BUSCH, INCORPORATED

It is with great pleasure that I address this report to our 4009 shareholders.

The consolidated net income of Anheuser-Busch, Incorporated and its wholly owned subsidiary companies for the calendar year 1948 was the best in its history.

As in the past, earnings were determined in accordance with generally accepted accounting principles approved by our accountants. Depreciation has been provided and accumulated on the same basis as in prior years, which amount is not adequate for replacement of facilities at current high prices.

Prudent financial policy requires the retention of a substantial portion of earnings to provide the funds for higher cost of plant replacements, expansion program, and the need to maintain the company's working capital position to finance increased business activity.

Certain reclassifications were made in the 1947 balance sheet and income statement to conform to changes in accounting classifications adopted during 1948.

Net income for the year 1948 was \$13,459,808, or \$2.99 per share, versus \$9,883,845, or \$2.20 per share in 1947. The increased volume of business, principally beer sales, was directly responsible for the gratifying improvement.

The first phase of our beer expansion program was completed the last half of June, and since that date the entire output of the brewhouse has been sold. The second phase of our expansion program is scheduled for completion May 15, 1949.

Industry Benefits

Legislation, enacted in June, makes it possible for brewers to obtain refund with respect to Federal excise taxes paid on beer lost in bottling operations.

Importers of malt beverages are now required to pay the same Federal excise taxes as paid by domestic manufacturers. This tax, plus the import duty, is \$11.87½ per barrel.

The voluntary grain curtailment, effective since November 1, 1947, ended on June 30th when the Secretary of Agriculture notified brewers that both the Luckman program and the proposed program agreed to under the Anti-inflation Act, had been postponed indefinitely.

Operations

The allocation of net income for the year 1948 is compared with that for the year 1947 in the following presentation:

	Year 1948	Year 1947	Increase <i>Decrease</i>
Net income before taxes.....	\$21,999,072	\$16,221,459	\$ 5,777,613
Per share.....	4.89	3.60	1.29
Provision for taxes.....	8,539,264	6,337,614	2,201,650
Per share.....	1.90	1.40	.50
Net income after taxes.....	13,459,808	9,883,845	3,575,963
Per share.....	2.99	2.20	.79
Dividends paid.....	4,500,000	5,400,000	900,000
Per share.....	1.00	1.20	.20
Amount retained in business for additions and betterments.....	8,959,808	4,483,845	4,475,963
Per share.....	1.99	1.00	.99

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The company's treasury position (cash and bonds) decreased \$3,120,898 during the year, as shown by the statement of funds provided and disbursed:

Funds Provided:

Collected from customers and tenants.....	\$165,427,030
Purchase discounts, interest, claims, etc.....	506,364
Proceeds from sales of property.....	310,891
Total.....	<u>\$166,244,285</u>

Funds Used:

For production and distribution of products.....	\$140,613,843
For administration, research, collection of rents, and employees' benefits.....	4,303,004
Income taxes paid.....	6,241,953
Reduction in trade accounts payable.....	932,435
Capital expenditures (replacements and expansion).....	12,226,656
Increase in inventories—cost basis.....	547,292
Dividends paid.....	4,500,000
	<u>169,365,183</u>

Decrease in Treasury Position:

Cash and bonds, January 1st.....	\$ 21,744,929
Cash and bonds, December 31st.....	<u>18,624,031</u>
	<u>\$ 3,120,898</u>

Sales Dollar

For each \$100 of income received by your company during 1948, \$5.19 was retained for additions and betterments to production facilities; the remainder, \$94.81, was expended or disposed of as follows:

To employees for salaries and wages.....	15.03
For employees' group insurance and retirement income plans.....	.89
To farmers and industries for materials and supplies.....	36.15
To railroads and trucking companies for transportation.....	3.94
To government for taxes.....	27.92
For preservation and restoration of property (depreciation and repairs).....	2.64
For all other costs and expenses.....	5.63
To stockholders in dividends.....	2.61

Payments to Federal, State and municipal governments, \$27.92, still claim a large portion of the income dollar.

The American people are still paying war-time rates of taxation on beer and many other items to both Federal and State governments, and some states raised beer taxes in 1948.

With present high taxes and high costs of production and distribution, the price of beer cannot be expected to come down.

Financial Position

The increase in net worth of the company during the year was \$8,959,808. Its net worth is now \$71,632,569, or \$15.92 per share, and the distribution among its principal assets was:

	Millions of Dollars		
	December 31, 1948	1947	Increase <i>Decrease</i>
Cash, revenue stamps, and bonds.....	19.6	22.7	3.1
Receivables, inventories, and other assets, less all liabilities.....	4.8	3.1	1.7
Net property.....	47.2	36.9	10.3
Total net worth.....	71.6	62.7	8.9

Expansion Program

Capital additions, including steel cooperage, for the year 1948 were \$13,302,501 as compared with \$9,502,040 for 1947. The expenditures were for a new stockhouse and cellars, new boiler plant, bottling units and conveyors, together with modernization program for other divisions of the business. As previously stated, the first phase of the beer expansion was completed in June, and the second phase is scheduled to be completed next May. Capital expenditures for 1949 are expected to be about \$13,300,000.

Since the return of beer in 1933 the company has expended \$61,020,553 for rehabilitation, expansion and modernization, of which \$30,101,609 was provided for by depreciation, and the remainder from earnings.

Employee Relations

Employee relations during 1948 were good, and there were no work stoppages. The new contracts negotiated in 1948, and increases granted to salaried employees will add in excess of \$2,400,000 to the annual wage and salary payment in 1949.

The company's retirement and group insurance plan was inaugurated on November 1, 1947. Report of the Employee Benefits Committee for the first policy year ended October 31, 1948 lists the following group benefits paid and claims pending as of that date:

	No. of Claims	Benefits Paid
Death claims.....	51	\$149,000
Accident and sickness.....	820	48,052
Medical care.....	606	10,632
Hospital.....	1,174	87,389
Surgical.....	912	40,479
Total.....	3,563	\$335,552
Reserve retained by insurance company for pending claims.....		74,203
Total claims.....		\$409,755

At the close of 1948 there were 146 former employees receiving an aggregate monthly income of \$9,665 under the retirement plan. Total retirement income payments to former employees since the inception of the plan, November 1, 1947, were \$104,168.

Taxes

Taxes continue to be a very important item . . . this expense is 30% of the cost of doing business. During 1948 your company paid a total of \$48,217,995 in taxes, which is equivalent to \$10.07 per share. Federal taxes alone amounted to \$40,745,240.

1949 Plans

With increased facilities to meet the demand for Budweiser, we look forward to continuance of favorable sales trends. In January of this year we informed our wholesalers and branches that rationing restrictions, which had been in effect since 1938, were removed. Our 1949 beer volume is expected to exceed 4,500,000 barrels, which is an increase of 1,000,000 barrels over 1947.

In our Yeast-Malt-Corn Products division we also predict notable improvement in both sales volume and profits.

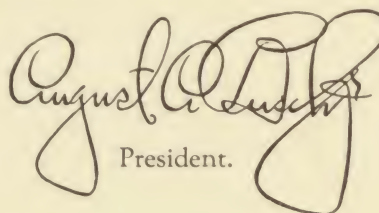
The supply of steel for refrigerated cabinets has improved greatly in the last six months and this division should show a satisfactory volume and profit for 1949.

I wish to pay respect here to the memory of Mr. W. Fred Anheuser, whose death on December 13th, after a long illness, was deeply felt by the directors, officers and employees. Mr. Anheuser's entire life was interwoven with the interests of this corporation and its predecessor. He had served continuously as a member of the Board of Directors for thirty-five years, and had been associated with the company for over fifty years.

The company suffered the loss of a valuable director and friend in the untimely death of Mr. Walter Reisinger on June 4th. Mr. Reisinger had served as a member of our Board for fifteen years.

I wish to make special mention of the loyalty and competence of our many employees, whose sincere effort has made a decided contribution to the company's achievements. Many problems and uncertainties confront all business in the months ahead, but past performance of our organization gives us full confidence that your company will continue to progress.

Respectfully submitted,


President.

ANHEUSER-BUSCH
AND SUBSIDIARIES

Consolidated Balance Sheet, December 31, 1948

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ASSETS	December 31 1948	1947	Increase Decrease
CURRENT ASSETS:			
Cash.....	\$ 6,933,935	\$ 5,070,833	\$ 1,863,102
United States Government securities — at cost (in addition to those deducted from Federal taxes: 1948, \$3,496,000; 1947, \$5,870,000).....	8,023,600	8,284,600	261,000
Accounts and notes receivable:			
Trade accounts (less reserves: 1948, \$323,406; 1947, \$332,443)	4,770,799	4,080,817	689,982
Group insurance premiums advanced — deductible from salaries and wages.....	297,809	273,135	24,674
Accrued interest and other receivables.....	676,645	424,224	252,421
Revenue stamps.....	1,161,651	960,465	201,186
Inventories (finished products and products in process (except beer) at approximate cost; materials and supplies at lower of average cost or market; and raw materials, beer in process, and bottles at cost determined under the "last-in, first-out" method)	16,806,498	13,995,182	2,811,316
Total current assets.....	\$38,670,937	\$33,089,256	\$ 5,581,681
MISCELLANEOUS ASSETS:			
Capital expenditure fund.....		\$ 2,519,496	\$ 2,519,496
Sundry investments and non-current receivables.....	\$ 309,440	153,494	155,946
Total miscellaneous assets.....	\$ 309,440	\$ 2,672,990	\$ 2,363,550
PROPERTY:			
Plant and branch property (less reserve for depreciation: 1948, \$21,067,433; 1947, \$20,046,572)—plant property at appraised values as of January 1, 1919, plus subsequent net additions at cost, and branch property at cost.....	\$30,814,429	\$21,900,686	\$ 8,913,743
Construction in progress (including contracts for equipment: 1948, \$5,950,759; 1947, \$4,874,915).....	10,570,820	9,310,337	1,260,483
Real estate, other than plant property—at cost (less reserve for depreciation: 1948, \$843,749; 1947, \$798,653).....	1,436,025	1,468,388	32,363
Cooperage and drums — at cost (less reserve for depreciation: 1948, \$2,285,819; 1947, \$3,191,397).....	4,377,810	4,173,548	204,262
Net property.....	\$47,199,084	\$36,852,959	\$10,346,125
DEFERRED CHARGES.....	\$ 1,068,881	\$ 857,064	\$ 211,817
TOTAL.....	\$87,248,342	\$73,472,269	\$13,776,073

INCORPORATED
RY COMPANIES

r 31, 1948 and 1947, and Comparison

LIABILITIES	... December 31 ... 1948	1947	Increase <i>Decrease</i>
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 4,156,396	\$ 4,759,819	\$ 603,423
Contractual obligations for equipment and construc- tion payable	5,950,759	4,874,915	1,075,844
Amount refundable on returnable containers	64,618	392,085	327,467
Federal income taxes — estimated (after deduction of United States Treasury tax notes: 1948, \$3,496,000; 1947, \$5,870,000)	5,204,000	607,689	4,596,311
State income taxes — estimated	240,000	165,000	75,000
Total current liabilities	<u>\$15,615,773</u>	<u>\$10,799,508</u>	<u>\$ 4,816,265</u>
CAPITAL STOCK — Authorized and outstanding, 4,500,000 shares of \$4 each			
	<u>\$18,000,000</u>	<u>\$18,000,000</u>	
SURPLUS:			
Arising from appreciation of plant property as of Jan- uary 1, 1919	\$ 4,777,663	\$ 4,777,663	
Earned	<u>48,854,906</u>	<u>39,895,098</u>	<u>\$ 8,959,808</u>
Total surplus	<u>\$53,632,569</u>	<u>\$44,672,761</u>	<u>\$ 8,959,808</u>
TOTAL	<u>\$87,248,342</u>	<u>\$73,472,269</u>	<u>\$13,776,073</u>

ANHEUSER-BUSCH, INCORPORATED

AND SUBSIDIARY COMPANIES

Summary of Consolidated Income and Earned Surplus for the Years Ended December 31, 1948 and 1947, and Comparison

	.. Year ended December 31 ..		Increase <i>Decrease</i>
	1948	1947	
NET SALES.....	\$122,848,790	\$104,401,628	\$ 18,447,162
COST OF SALES, AND ADVERTISING, SELLING, GENERAL AND ADMINISTRATIVE, RESEARCH AND DEVELOPMENT, AND EMPLOYEES' RETIREMENT AND GROUP BENEFITS EXPENSES....	101,497,893	88,819,184	12,678,709
PROFIT FROM OPERATIONS.....	\$ 21,350,897	\$ 15,582,444	\$ 5,768,453
OTHER INCOME:			
Interest earned and dividends received.....	\$ 178,461	\$ 205,006	\$ 26,545
Cash discounts on purchases.....	205,750	152,741	53,009
Income from rental property — net.....	154,897	147,377	7,520
Profit from sales and retirements of property and securities..	70,615	186,345	115,730
Miscellaneous.....	91,201	33,986	57,215
Total.....	\$ 700,924	\$ 725,455	\$ 24,531
GROSS INCOME.....	\$ 22,051,821	\$ 16,307,899	\$ 5,743,922
INCOME CHARGES.....	52,749	86,440	33,691
NET INCOME BEFORE PROVISION FOR INCOME TAXES.....	\$ 21,999,072	\$ 16,221,459	\$ 5,777,613
PROVISION FOR INCOME TAXES — Estimated.....	8,539,264	6,337,614	2,201,650
NET INCOME FOR THE YEAR.....	\$ 13,459,808	\$ 9,883,845	\$ 3,575,963
DIVIDENDS PAID.....	4,500,000	5,400,000	900,000
NET INCOME RETAINED IN THE BUSINESS.....	\$ 8,959,808	\$ 4,483,845	\$ 4,475,963
EARNED SURPLUS AT BEGINNING OF YEAR.....	39,895,098	35,411,253	4,483,845
EARNED SURPLUS AT END OF YEAR.....	\$ 48,854,906	\$ 39,895,098	\$ 8,959,808

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

418 OLIVE STREET
SAINT LOUIS 2

ACCOUNTANTS' CERTIFICATE

ANHEUSER-BUSCH, INCORPORATED:

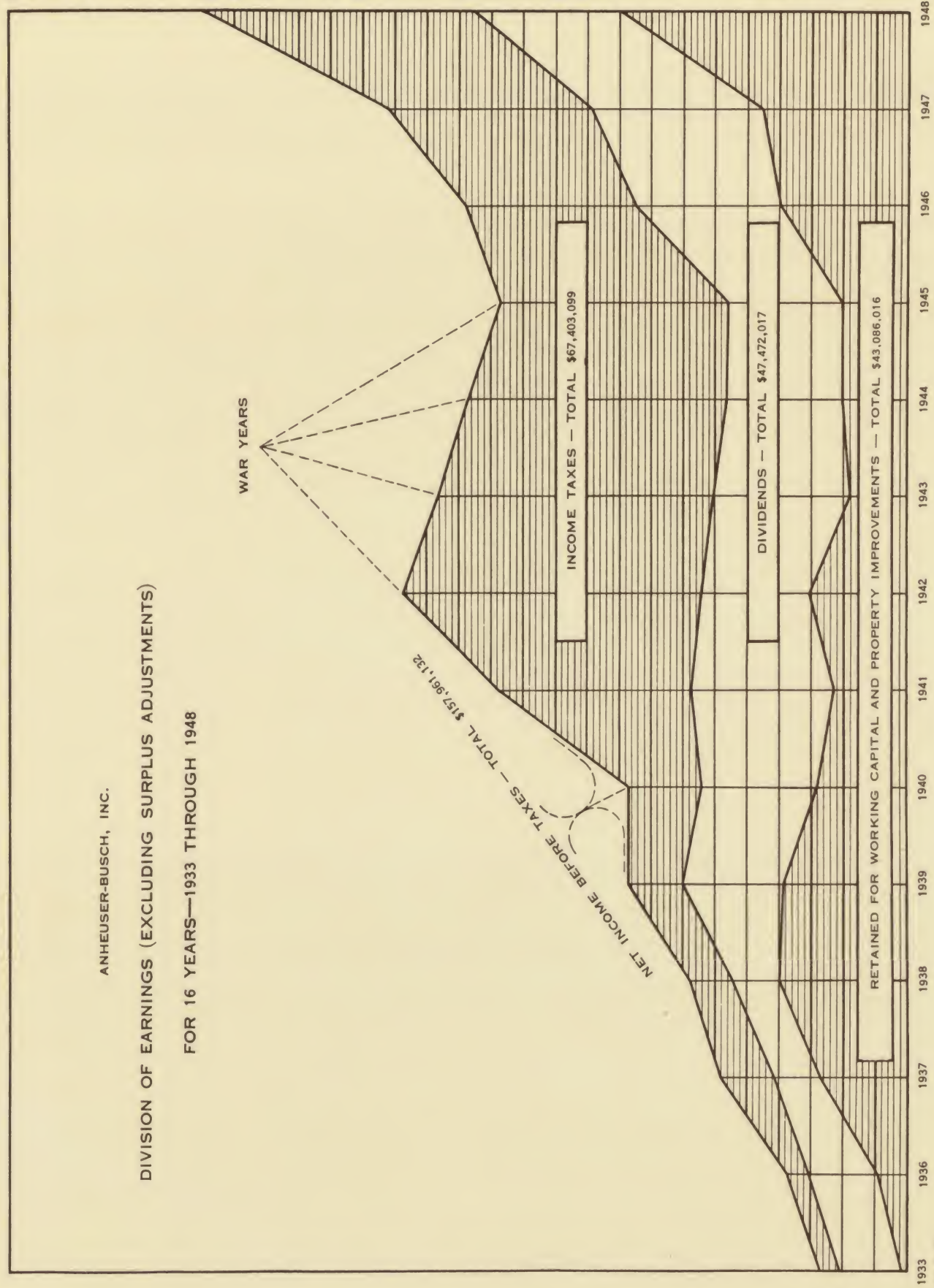
We have examined the consolidated balance sheet of Anheuser-Busch, Incorporated and its subsidiary companies as of December 31, 1948 and the related summary of consolidated income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and summary of consolidated income and earned surplus present fairly the financial position of the companies at December 31, 1948 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

February 24, 1949.

M I L L I O N S \$



Budweiser

BOTTLES, CANS
DRAUGHT



Michelob

DRAUGHT



Bakers Yeast

BUDWEISER YEAST — Known throughout, and accepted as standard, by the American baking industry.



Corn Syrup

A-B CORN SYRUP—A crystal clear sweet glucose largely consumed by candy, baking and table syrup industries.



Frozen Eggs

BUD BRAND FROZEN EGGS — Of high purity, used extensively by baking, macaroni and mayonnaise industries.



Starch

A-B STARCH — Of high quality, used largely in the food and industrial trade.



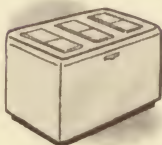
Malt Syrup

BUDWEISER MALT SYRUP — A dependable uniform malt for the baking and pharmaceutical industries.



Dextrines

A-B DEXTRINES — Unique in their highly specialized field for use by the adhesive, textile and paper-board industries.



Refrigerated Cabinets

Low temperature product manufactured principally for the ice cream industry.



Table Syrup

BUD BRAND, DELTA, COTTON CLUB SYRUPS — Waffle and pancake table syrups for home consumption.

Pharmaceutical Yeasts

Special vitamin bearing yeasts for the pharmaceutical, food, and animal-poultry industries.

1852



1952





